

January 30, 2006

Mr. Kenneth R. Payne
Chief, Marketing Programs, Livestock and Seed Program
U.S. Department of Agriculture
Agriculture Marketing Service
Room 2638-S, Stop 0251
1400 Independence Avenue, SW
Washington, D.C. 20250-0251

e-mail: soybeancomments@usda.gov

Re: Docket number LS-05-07, concerning the Soybean Promotion and Research
Order (7 CFR 1220)

Dear Mr. Payne:

On behalf of the American Soybean Association (ASA) and our 25,000 members, thank you for the opportunity to comment on the national soybean checkoff program. The soybean checkoff is a critical resource that has paid dividends to its investors. As the national soybean organization that developed and then lobbied Congress to pass legislation creating the national soybean checkoff, ASA is absolutely committed to preserving this important tool for future generations of soybean farmers.

Established as part of the 1990 Farm Bill, the soybean checkoff has delivered on its promise of building greater demand for United States soybean and soybean products. Since the inception of the soybean checkoff in 1990, the total value of the U.S. soybean crop climbed from \$11 billion in 1990 to \$18 billion in 2003, a 68% increase in value. Not surprisingly, domestic and international demand for U.S. soybeans steadily increased to record levels during this same time period.

Likewise, checkoff resources have been applied to develop new and innovative methods to utilize our crop. Biodiesel and other soy-based products have found their way into the marketplace, creating new opportunities for soybean farmers to capture a greater share of the value of the crop we produce.

Indeed, the soybean checkoff has served its investors well. As our objective is to preserve this invaluable resource, it is only appropriate that we take advantage of this opportunity to submit constructive comments that aim to enhance the overall

effectiveness of the national soybean checkoff program for soybean producers. Because individual soybean producers are the ultimate “small business entities” that are impacted by the operations of the soybean checkoff, our comments are made on behalf of ASA’s 25,000 members.

Our overall concerns relate to improving the transparency, responsiveness, and efficiency of the national soybean checkoff program to soybean producers. As collections under the checkoff are mandatory and soybean farmers are not currently able to receive refunds, transparency is paramount with the soybean checkoff. A thorough examination and accounting of checkoff expenditures in all program areas should occur on an annual basis at the national level. Such an accounting should be performed independent of the control of the national checkoff organization being examined. Toward this end, it is suggested that USDA, state checkoffs and state and national soybean organizations – all key stakeholders in a transparent, responsive, and efficient national soybean checkoff – jointly conduct the annual review. Checkoff resources are created by the hard work of individual soybean farmers, and soybean farmers – through their state checkoff organizations and their state and national producer organizations -- should provide an independent annual review over how those dollars are being used.

Among other things, this annual or periodic review would examine all checkoff expenditures to ensure that they are reasonable and necessary, that funds are being spent on appropriate projects and not over-invested in board “sell-back” and public relations activities, that caps established under the order on administrative and staff expenses are rigorously adhered to, and that checkoff contractors are being used and managed in an appropriate manner. The review should also explore the scope of work conducted by checkoff-created entities.

As recent surveys have revealed a strained relationship between the United Soybean Board (USB) and many state organizations, checkoff administrators must also place a greater emphasis on stakeholder relations. State organizations, who also are small entities and whose programs are routinely evaluated by USB to ensure compliance, believe their activities are held to different standards than national programs, which currently are not subjected to stakeholder scrutiny. Regular stakeholder evaluation of national checkoff programs could alleviate much of this angst. Poor relations between state and national soybean organizations undermine checkoff program effectiveness at both levels.

We also believe that the very soybean farmers the checkoff serves should select who will represents their views on the USB. The current system of federal appointment dissolves any link between the director and his constituency, whereas direct election of USB directors would greatly facilitate this vital linkage.

The process to trigger a referendum on the soybean checkoff program also should be examined. The current process, whereby a certain percentage of eligible soybean farmers must vote to proceed with an up-or-down referendum, is confusing and overly bureaucratic. Soybean farmers should have a periodic, up-or-down vote on whether to

continue the soybean checkoff. Further complicating matters is the criteria USDA uses to determine the number of soybean farmers eligible to participate in the initial request for a referendum. Figures used by USDA in recent request for referenda votes to determine the number of votes required to trigger a referenda appear very high, which opens the entire process up to criticism. Only bona-fide soybean farmers who have actually paid the checkoff should be eligible to vote, and soybean farmers representing multiple farm entities should be allowed only one vote.

We wish to re-emphasize how important the checkoff is to the long-term competitiveness of the United States soybean industry. Soybean farmers are threatened by stiff global competition from South America and pressured by new diseases like Asian soybean rust and aphids. Also before us are new opportunities that have been created by the emergence of soy biodiesel and the promise of innovative technologies like biotechnology. The checkoff will enable us to combat these threats and capitalize on the opportunities. However, to help ensure long-term support for the checkoff among soybean farmers and key stakeholders, we believe the transparency, responsiveness, and efficiency of the checkoff can be improved.

Thank you again for the opportunity to comment on how the operations of the national checkoff can be improved to be more responsive and accountable to soybean farmers and other small entities. We look forward to working with USDA to improve the effectiveness of this vital tool.

Sincerely,

Bob Metz
President